

Message Text

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PAGE 01 HONG K 08281 01 OF 02 210833Z

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 SAJ-01 FEA-01

IO-10 STR-04 /111 W

----- 005940

P R 210700Z JUL 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC PRIORITY 6020

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 HONG KONG 8281

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR ECON EEWT EFIN ENRG VN VS LA

SUBJECT: BANK OF AMERICA VICE PRESIDENT VISITS HANOI

SUMMARY: MR. LOUIS E. SAUBOLLE, VICE PRESIDENT AND ASIAN REPRESENTATIVE, BANK OF AMERICA, HONG KONG, VISITED THE CONSULATE GENERAL TO DISCUSS HIS RECENT TRIP TO HANOI. THE NORTH VIETNAMESE CHAMBER OF COMMERCE HAD INVITED HIM TO HANOI AND SAUBOLLE APPEARED TO HAVE ENJOYED THE TRIP BUT ADMITTED THAT HE FELT CONSIDERABLE APPREHENSION AT THE TIME OF HIS DEPARTURE FROM NORTH VIET NAM. ACCORDING TO SAUBOLLE, THE NORTH VIETNAMESE WERE EXTREMELY INTERESTED IN ESTABLISHING ECONOMIC CO-OPERATION "ON A MUTUALLY BENEFICIAL BASIS" WITH THE UNITED STATES. HIS TALKS IN HANOI FOCUSED ON TRADE AND BANKING, ESPECIALLY FINANCING. SAUBOLLE FELT THAT IF THE
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PAGE 02 HONG K 08281 01 OF 02 210833Z

U.S. AGREED, COMMERCIAL RELATIONS COULD BE QUICKLY

ESTABLISHED WITH VIET NAM WITHOUT ANY "REPARATIONS" PAYMENTS. HE REPORTED THAT THROUGHOUT HIS VISIT THE VIETNAMESE HAD TREATED HIM WITH GREAT CORDIALITY AND HAD TAKEN GREAT PAINS TO AVOID ANY EMBARRASSING SITUATIONS. END SUMMARY

1. GENERAL DETAILS ON TRIP AND STAY IN HANOI. SAUBOLLE FLEW TO VIENTIANE AND AFTER SEVERAL DAYS DELAY RECEIVED HIS DRV VISA ON JULY 7 VALID FOR TWO WEEKS. HE DEPARTED LAOS JULY 8 ABOARD A ROYAL AIR LAO AIRCRAFT WITH EIGHT OTHER PASSENGERS. HE ARRIVED AT HANOI AT ABOUT 13:30 AND FOUND THE AIRPORT LARGELY DESERTED. AFTER COMPLETING A RATHER DETAILED DECLARATION OF WHAT HE WAS CARRYING, HE WAS QUICKLY PROCESSED THROUGH AND PROCEEDED TO WAIT IN THE AIRPORT. HIS HOST, THE NORTH VIET NAM CHAMBER OF COMMERCE REPRESENTATIVES, WERE NOT AT THE AIRPORT BUT AFTER SOME TELEPHONING FINALLY ARRIVED. THEY APOLOGIZED FOR THEIR ABSENCE AND EXPLAINED THAT THEY HAD EXPECTED HIM ON JULY 5. AFTER WAITING SOMETIME TO ALLOW THE CAR ENGINE TO COOL, THEY DROVE TO HANOI. SAUBOLLE STAYED AT THE FORMER METROPOLE HOTEL.

2. OFFICIAL TALKS: SAUBOLLE'S BUSINESS DISCUSSIONS WERE MOSTLY WITH TWO VIETNAMESE OFFICIALS, THE DEPUTY CHIEF OF THE NORTH VIET-NAM CHAMBER OF COMMERCE AND THE DEPUTY CHAIRMAN OF THE BANK OF FOREIGN TRADE FOR NORTH VIET-NAM. ALL DISCUSSIONS BUT THE LAST WERE IN ENGLISH USING INTERPRETERS. DURING THE LAST EVENING OF SAUBOLLE'S STAY, HE WAS INVITED TO A PRIVATE DINNER WHICH ONLY THE ABOVE TWO VIETNAMESE OFFICIALS ATTENDED. THIS LAST MEETING WAS CONDUCTED IN FRENCH. POINTS RAISED DURING THE STAY WERE:

A. TRADE: VIETNAM WAS READY TO OPEN TRADE RELATIONS WITH THE UNITED STATES. TRADE WITH SAIGON COULD BE HANDLED THROUGH THE VIETNAMESE CHAMBER OF COMMERCE. MANY OTHER COUNTRIES WERE INTERESTED IN TRADE. THE JAPANESE HAD RECENTLY SIGNED A CONTRACT FOR 550,000 TONS OF NORTH VIETNAMESE COAL.

B. BANKING: VIETNAM WAS INTERESTED IN BANKING RELATIONS WITH THE UNITED STATES. OF THE 24 FOREIGN BANKS WITH WHICH VIETNAM HAD RELATIONS HALF OF THEM COULD DEAL IN DOLLAR TRANSACTIONS. VIETNAM HELD DOLLAR ACCOUNTS IN LONDON AND HONG KONG. CONFIDENTIAL

CONFIDENTIAL

PAGE 03 HONG K 08281 01 OF 02 210833Z

VIETNAM HAD CORRESPONDENT BANKING RELATIONS WITH THE BANK OF TOKYO, THE MITSUI BANK, AND ONE OTHER JAPANESE BANK. (ONE OF THEM HAD EVEN OFFERED TO TRAIN VIETNAMESE IN JAPAN.) (SAUBOLLE FELT THERE COULD BE CORRESPONDENT BANKING RELATIONS WITH U.S. BANKS IN A FEW WEEKS IF THE U.S. PERMITTED IT.)

C. FINANCING: THE VIETNAMESE WERE INTERESTED IN HOW U.S. FINANCING WAS ARRANGED, WHAT WERE THE COSTS, INTEREST RATES,

ETC. THEY APPEARED INTERESTED IN FINANCING SHIPS AND A SUGAR REFINERY. THEY HAVE RECEIVED OFFERS OF CREDIT FROM THE JAPANESE, ENGLISH AND FRENCH.

D. OIL EXPLORATION: THE VIETNAMESE ASKED WHAT U.S. OIL FIRMS WANTED TO DO ABOUT OIL EXPLORATION IN VIET NAM. ARE THEY INTERESTED IN COMING BACK TO VIET NAM? CONCERN-ING EXPLORATION IN SOUTH VIETNAM, THE VIETNAMESE OBSERVED THAT THE GOVERNMENT IN THE SOUTH WOULD HAVE TO DECIDE ON OPERATIONS IN THAT AREA AND THEY OFFERED TO ARRANGE A MEETING WITH THE PRG REP IN HANOI IF SAUBOLLE WISHED.

CONFIDENTIAL

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PAGE 01 HONG K 08281 02 OF 02 210831Z

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----- 005939

P R 210700Z JUL 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC PRIORITY 6021

INFO AMEMBASSY BANGKOK

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C O N F I D E N T I A L SECTION 2 OF 2 HONG KONG 8281

CINCPAC FOR POLAD

E. REPARATIONS: THE VIETNAMESE EXPRESSED THE HOPE THAT THE U.S. WOULD ASSIST IN THE "HEALING OF THE WOUNDS OF WAR". IN THIS CONNECTION THAT REFERRED SAUBOLLE TO PHAM VAN DONG'S LETTER OF JUNE 21 TO CERTAIN MEMBERS OF THE U.S.

CONGRESS. SAUBOLLE STATED, HOWEVER, THAT THEY DID NOT CONNECT TRADE AND BANKING RELATIONS WITH U.S. ASSISTANCE.

F. THE U.S. TRADE EMBARGO: THE VIETNAMESE INDICATED THAT THE U.S. TRADE EMBARGO AGAINST VIET NAM WAS GENERALLY NOT EFFECTIVE. VIETNAM COULD DEAL IN ANY CURRENCY IT WISHED THROUGH THE MANY FOREIGN BANKING FACILITIES AVAILABLE TO IT. THE JAPANESE WERE WILLING TO SUPPLY ANYTHING VIETNAM NEEDED. U.S. COTTON WAS ALREADY BEING PURCHASED FROM THE JAPANESE. IT WAS ADMITTED, HOWEVER, THAT IF THE EMBARGO WERE LIFTED THEY COULD ELEMIMATE THE COST OF THE JAPANESE AGENT. CONFIDENTIAL

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PAGE 02 HONG K 08281 02 OF 02 210831Z

3. TRIP TO BAIE D'ALONG (VINH HA LONG) DURING THE END OF HIS STAY, THE VIETNAMESE OFFERED TO ARRANGE A VISIT FOR SAUBOLLE TO ANY PLACE IN THE COUNTRY. SAUBOLLE SELECTED THE BAIE D' ALONG AND WAS TAKEN THERE BY CAR VIA HAIPHONG. MR. DUONG MINH WAS PROVIDED AS HIS INTERPRETER. MINH SPOKE EXCELLENT ENGLISH AND APPEARED TO BE A COMMERCIAL SPECIALIST WITH AN INTIMATE KNOWLEDGE OF U.S. TRADE AND U.S. POLITICAL PERSONALITIES. DURING THE TRIP MINH EXPRESSED THE HOPE THAT VIET NAM WOULD HAVE BETTER RELATIONS WITH THE UNITED STATES IN ALL FIELDS. HE REPORTEDLY EMPHASIZED THAT VIET NAM WAS NOT A COPY OF EITHER THE CHINESE OR RUSSIAN COMMUNIST SYSTEM, NOT A "RUB-BER STAMP; BUT A UNIQUE NATION WITH ITS OWN NATIONAL PRIDE. MINH SAID IT WAS THE DESIRE OF ALL VIETNAMESE PEOPLE THAT VIET NAM BE REUNITED. IN RESPONSE TO A COMMENT SAUBOLLE MADE QUESTIONING WHETHER "GOOD COMMUNISTS" SHOULD BE LOOTING U.S. PROPERTY IN LAOS, MINH REPLIED THAT VIETNAM WANTED THE COALITION GOVERNMENT IN LAOS TO CONTINUE. WHILE DRIVING BY SOME AREAS DAMAGED BY THE WAR, MINH OBSERVED THAT 300 FACTORIES AND INDUSTRIAL PLANTS WERE DESTROYED DURING THE WAR AND EXPRESSED PRIDE OVER VIETNAMESE INGENUITY AT HIDING FACTORIES.

4. SAUBOLLE'S ASSESSMENT OF VIETNAMESE CONDITIONS: SAUBOLLE FELT THE VIETNAMESE WERE FACING ENORMOUS DIFFICULTIES. THEY DID NOT WANT TO GO BACK 30 YEARS AS THE CAMBODIANS DID. THEY HAD TO CONVERT THEIR ENTIRE ECONOMY FROM WAR TO PEACE. THERE WOULD BE MANY TROOPS COMING BACK WHO WOULD HAVE TO BE EMPLOYED. THE UNIFYING FACTOR OF FIGHTING A COMMON ENEMY IN WAR AND THE READINESS TO SUFFER PRIVATION BECAUSE OF WAR WOULD BE LOST. THE GOVERNMENT FEARED THAT A CERTAIN "SLACK-NESS" WOULD SET IN. THERE WAS ALSO A GREAT POPULATION PROBLEM. MORE THAN HALF THE POPULATION WAS UNDER 21. IN THE COUNTRY SIDE THERE WERE ABOUT EIGHT WOMEN FOR EACH MAN. CROSS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, VISITS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975HONGK08281
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750250-1193
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750737/aaaabhlz.tel
Line Count: 221
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 MAY 2003 by ShawDG>; APPROVED <19 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANK OF AMERICA VICE PRESIDENT VISITS HANOI SUMMARY: MR. LOUIS E. SAUBOLLE, VICE PRESIDENT AND ASIAN RE-
TAGS: PFOR, ECON, EFIN, ENRG, VN, VS, LA, US, BANK OF AMERICA, (SAUBOLLE, LOUIS E)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006